

LANDER UNIVERSITY
Intercollegiate Athletics Program
Greenwood, South Carolina

NCAA Report

Independent Accountant's Report on Applying Agreed-Upon Procedures

For the Year Ended June 30, 2018

LANDER UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAM
GREENWOOD, SOUTH CAROLINA
June 30, 2018

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Trustees
Lander University
Greenwood, South Carolina

We have performed the procedures enumerated below, which were agreed to by the Board of Trustees and management of Lander University (the "University" or "Institution"), solely to assist you in evaluating whether the accompanying statement of revenues, expenditures, and transfers and the related note disclosures of the University is in compliance with the National Collegiate Athletic Association ("NCAA") Bylaw 6.2.3.1 for the year ended June 30, 2018. The University's management is responsible for the statement of revenues, expenditures, and transfers ("statement") and the related note disclosures and their compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Agreed-Upon Procedures Related to the Statement of Revenues, Expenditures, and Transfers

The procedures and associated findings are as follows:

General Procedures

- 1) We obtained the statement of revenues, expenditures, and transfers of the University Intercollegiate Athletics Program and related note disclosures for the year ended June 30, 2018, as prepared by management of the University.
- 2) We ensured that the amounts reported on the statement agreed to the institution's general ledger.
No exceptions noted.
- 3) We compared and agreed each category reported in the statement during the reporting period to supporting schedules provided by the institution. If a specific reporting category is less than 4.0% of the total revenues or total expenditures, no procedures were performed for that specific category.
No exceptions noted.
- 4) We compared and agreed a sample of operating revenue receipts obtained from the above operating revenue supporting schedules to adequate supporting documentation.
No exceptions noted.
- 5) We compared and agreed a sample of operating expenditures obtained from the above operating expenditure supporting schedules to adequate supporting documentation.
No exceptions noted.

- 6) We compared each major revenue account over 10% of the total revenues to prior period amounts and budget estimates. We obtained and documented an explanation of any variations greater than 10%.

We have reported the analysis as attachment A to this report.

- 7) We compared each major expenditure account over 10% of the total expenditures to prior period amounts and budget estimates. We obtained and documented an explanation of any variations greater than 10%.

We have reported the analysis as attachment A to this report.

Procedures for Revenues

Student Fees

- 1) We compared and agreed student fees reported by the institution in the statement for the reporting to student enrollments during the same reporting period and recalculated totals.

No exceptions noted.

- 2) We obtained documentation of the University's methodology for allocating student fees to intercollegiate athletics programs.

Per management, the athletics fee, when assessed, is credited to the athletics fees revenue account. Fees are not allocated.

- 3) If the athletics department is reporting that an allocation of student fees should be countable as generated revenue, recalculate the totals of their methodology for supporting that they are able to count each sport. Tie the calculation to supporting documents such as seat manifests, ticket sales reports, and student fee totals.

This procedure does not apply.

Direct Institutional Support

We compared the direct institutional support recorded by the institution during the reporting period with the institutional supporting budget transfers documentation and other corroborative supporting documentation and recalculated totals.

Direct institutional support appears to be properly stated after analysis of the amounts. The client did not properly segregate Men's, Women's, and Non Specific revenues and expenditures initially. The client should provide the separated amounts in their internally prepared documentation.

Indirect Institutional Support

We compared the indirect institutional support recorded by the institution during the reporting period with expenditure payments, cost allocation detail and other corroborative supporting documentation and recalculate totals.

After reviewing indirect institutional support prepared by client, it was determined that the amounts used were not the final figures from the audited financial statements. Amounts were updated to reflect the amounts per the audit report. The client should review its allocation methodology to ensure it is using a meaningful allocation bases.

Procedures for Expenditures

Athletic Student Aid

- 1) We selected a sample of 24 students from the listing of institutional student aid recipients during the reporting period. Data was captured by the institution through the creation of a squad/eligibility list for each sponsored sport.
- 2) We obtained individual student account detail for each selection and compared total aid in the institution's student system to the student's detail in CA or the institution report that ties directly to the NCAA Membership Financial Reporting System.
- 3) We recalculated totals for each sport and overall.

No exceptions noted related to athletic student aid procedures.

Coaching, Salaries, Benefits, and Bonuses Paid by the University and Related Entities

- 1) We obtained and inspected a listing of coaches employed by the University and related entities during the reporting period. We selected a sample of coaches' contracts, including men's and women's basketball, from the listing.
- 2) We compared and agreed the financial terms and conditions of each selection to the related coaching salaries, benefits, and bonuses recorded by the University and related entities in the statement during the reporting period.
- 3) We obtained and inspected payroll summary registers for the reporting year for each selection. We compared and agreed payroll summary registers from the reporting period to the related coaching salaries, benefits, and bonuses paid by the University and related entities expense recorded by the institution in the statement during the reporting period.
- 4) We compared and agreed the totals recorded to any employment contracts executed for the sample selected and recalculated totals.

No exceptions noted related to coaching, salaries, benefits, and bonuses paid by the University and related entities procedures.

Support Staff/Administrative Salaries, Benefits and Bonuses Paid by the University and Related Entities

- 1) We selected a sample of support staff/administrative personnel employed by the University and related entities during the reporting period.
- 2) We obtained and inspected payroll summary registers for the reporting year for each selection. We compared and agreed payroll summary registers from the reporting period to the related support staff salaries, benefits, and bonuses paid by the University and related entities expense recorded by the institution in the statement during the reporting period and recalculated totals.

No exceptions noted related to support staff/administrative salaries, benefits and bonuses paid by the University and related entities procedures.

Team Travel

- 1) We obtained documentation of the Institution's team travel policies.
- 2) We compared and agreed to existing institutional- and NCAA-related policies.
- 3) We obtained general ledger detail and compared to the total expenditures reported and recalculated totals.

No exceptions noted related to team travel procedures.

Athletic Facility Debt Service, Leases, and Rental Fees

- 1) We obtained a listing of debt service schedules, lease payments, and rental fees for athletics facilities for the reporting year.
- 2) We compared a sample of facility payments including the top two highest facility payments to additional supporting documentation.
- 3) We compared recorded amounts to amounts listed in the general ledger detail and recalculated totals.

No exceptions noted related to athletic facility debt service, leases, and rental fees procedures.

Indirect Institutional Support

This was tested with revenues and results are detailed above.

Other Operating Expenditures and Transfers to Institution

- 1) We obtained the general ledger detail and compared it to the total expenditures reported.
- 2) We selected a sample of transactions to validate existence of transaction and accuracy of recording and recalculated totals.

No exceptions noted related to other operating expenditures and transfers to institution procedures.

Procedures for Other Reporting Items

Total Athletics-Related Debt

- 1) We obtained repayment schedules for all outstanding intercollegiate athletics debt during the reporting period.
- 2) We recalculated annual maturities (consisting of principal and interest) provided in the schedules obtained.
- 3) We agreed the total annual maturities and total outstanding athletic related to supporting documentation and the institution's general ledger, as applicable.

No exceptions noted related to total athletics-related debt procedures.

Total Institutional Debt

We agreed the total outstanding institutional debt to supporting documentation and the institution's audited financial statements, if available, or the institution's general ledger.

No exceptions noted related to total institutional debt procedures.

Total Athletics Related Capital Expenditures

- 1) We obtained a schedule of athletics related capital expenditures made by athletics, the institution, and affiliated organizations during the reporting period.
- 2) We obtained general ledger detail and compare to the total expenditures reported.
- 3) We selected a sample of transactions to validate existence of transaction and accuracy of recording and recalculated totals.

We reviewed audited asset additions and verified there were no athletics-related asset additions in 2018.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an audit or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the effectiveness of internal control over financial reporting described in the preceding portions of this letter. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board of Trustees and management of Lander University and is not intended to be and should not be used by anyone other than those specified parties.

Clark Eustace Wagner, PA

Greenwood, South Carolina
January 14, 2019

LANDER UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAM
STATEMENT OF REVENUES, EXPENDITURES, AND TRANSFERS
For the Year Ended June 30, 2018
(Unaudited)

Revenues	Men's	Women's	Unspecified	Total
Ticket sales	\$ 5,445	\$ 5,254	\$ -	\$ 10,699
Student activity fees	464,217	419,412	-	883,629
Direct institutional support	1,259,235	1,158,963	1,467,183	3,885,381
Indirect institutional support	-	-	890,256	890,256
Contributions	39,588	56,147	77,491	173,226
NCAA distributions	29,049	16,644	-	45,693
Program, novelty, parking and concession	17,361	778	49,203	67,342
Royalties, licenses, and advertising	2,000	-	11,560	13,560
Total revenues	1,816,895	1,657,198	2,495,693	5,969,786
Transfers in - University	6,833	18,031	873,466	898,330
Total revenues and transfers	1,823,728	1,675,229	3,369,159	6,868,116
Expenditures				
Salaries	546,777	636,053	-	1,182,830
Support	-	-	996,347	996,347
Team travel	154,719	83,599	-	238,318
Recruiting	22,760	21,314	-	44,074
Insurance	41,890	37,846	-	79,736
Fundraising, marketing, and promotions	-	-	61,784	61,784
Spirit groups	-	-	32,688	32,688
Other operating expenditures	64,149	55,239	232,953	352,341
Supplies, uniforms, and equipment	69,120	51,589	24,039	144,748
Memberships	1,431	975	33,274	35,680
Game day	28,390	31,392	1,140	60,922
Athletic facilities debt services	-	-	1,096,678	1,096,678
Indirect institutional support	-	-	890,256	890,256
Scholarships, financial aid, and tuition waivers	894,492	757,222	-	1,651,714
Total expenditures	1,823,728	1,675,229	3,369,159	6,868,116
Revenue and transfers over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

LANDER UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAM
NOTES TO STATEMENT OF REVENUES, EXPENDITURES, AND TRANSFERS
(UNAUDITED)
For the year ended June 30, 2018

1. Contributions

Contributions and gifts to Lander University's Intercollegiate Athletics Program totaled \$173,226.

One contribution was made during the year ended June 30, 2018 that exceeded 10% of total contributions. Kathleen Ash Lange contributed \$30,000 to the Lander Foundation (an affiliate organization) for the Intercollegiate Athletics Program.

2. Intercollegiate Athletics-Related Assets

Capital assets are recorded at cost at the date of acquisition or fair market value at the date of donation in the case of gifts. Lander University follows capitalization guidelines established by the State of South Carolina. All assets with a useful life in excess of two years are capitalized. All land is capitalized, regardless of cost. Qualifying improvements that rest in or on the land itself are recorded as depreciable land improvements. Major additions and renovations and other improvements costing \$100,000 or more that add to the usable space, prepare existing buildings for new uses, or extend the useful life of an existing building are capitalized. Lander University capitalizes movable personal property with a unit value in excess of \$5,000. Routine repairs and maintenance, except individual items costing in excess of \$5,000, are charged to operating expenses in the year in which the expense was incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets as outlined by the State of South Carolina Office of the Comptroller General Audited Financial Statements Manual. Lives are generally 5 to 40 years for buildings and improvements and land improvements and 3 to 20 years for machinery, equipment, and vehicles. For assets capitalized prior to fiscal year 2012, a full year of depreciation was taken during the year the asset was placed in service, and no depreciation was taken in the year of disposition. Beginning in fiscal year 2012, capital assets are depreciated based on the number of months the asset is in service during the fiscal year. The change in depreciation method was required by the State of South Carolina.

Intercollegiate athletics-related assets are procured and disposed in accordance with Lander University and Lander Foundation policy for all assets.

3. Intercollegiate Athletics-Related Debt Repayment Schedules

Lander University's Intercollegiate Athletics Program had one note and one bond outstanding as of June 30, 2018. The repayment schedules for these follows on the next page.

LANDER UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAM
NOTES TO STATEMENT OF REVENUES, EXPENDITURES, AND TRANSFERS
(UNAUDITED) - CONTINUED
For the year ended June 30, 2018

3. Intercollegiate Athletics-Related Debt Repayment Schedules, Continued

<u>Debt Service for Athletics</u>		<u>Principal</u>		<u>Interest</u>	<u>Total</u>
Note					
	2019	\$ 258,620	\$ 68,273	\$ 326,893	
	2020	271,472	57,777	329,249	
	2021	151,703	48,685	200,388	
	2022	148,794	42,154	190,948	
	2023	155,590	35,359	190,949	
	Thereafter	706,769	67,068	773,837	
Total		\$ 1,692,948	\$ 319,316	\$ 2,012,264	
Bond					
	2019	\$ 600,000	\$ 378,400	\$ 978,400	
	2020	625,000	355,054	980,054	
	2021	650,000	330,735	980,735	
	2022	700,000	305,444	1,005,444	
	2023	725,000	278,207	1,003,207	
	Thereafter	6,425,000	1,087,535	7,512,535	
Total		\$ 9,725,000	\$ 2,735,375	\$ 12,460,375	
Total					
	2019	\$ 858,620	\$ 446,673	\$ 1,305,293	
	2020	896,472	412,831	1,309,303	
	2021	801,703	379,420	1,181,123	
	2022	848,794	347,598	1,196,392	
	2023	880,590	313,566	1,194,156	
	Thereafter	7,131,769	1,154,603	8,286,372	
Total		\$ 11,417,948	\$ 3,054,691	\$ 14,472,639	

**LANDER UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAM
ATTACHMENT A - VARIANCE ANALYSIS**

The Lander University's Intercollegiate Athletics Program reported the following variances greater than 10% in comparison to last fiscal year.

REVENUES

Ticket sales – Attendance was down for athletic events.

Student activity fees – The University increased the Athletics Fee charged to students.

Guarantees – The University did not receive any guarantees in FY 2018 whereas in FY 2017 there was a guarantee for Men's Basketball.

Contributions – The Intercollegiate Athletics Program had more fundraisers in FY 2018 than in prior year.

NCAA distributions – The variance is largely due to a difference in how they were recorded.

Program, novelty, parking, and concession – More marketing money was collected in FY 2018 and Aramark starting running the concessions and the University gets a commission.

Royalties, licenses, and advertising – The University increased the marketing campaign.

EXPENDITURES

Recruiting – The Intercollegiate Athletics Program added three sports and increased recruiting efforts.

Fundraising, marketing, and promotions – A new fundraiser, The Drop, was started in FY 2018.

Spirit groups – The University increased spending on Spirit Groups.

Other operating expenditures – Part of this variance is due to the change in the way NCAA distributions were recorded in FY 2018 vs. FY 2017.

Memberships – The Bearcat Club decreased spending.

Scholarships, financial aid, and tuition waivers – The University awarded more scholarships and discounts.